



General Assembly

February Session, 2008

***Raised Bill No. 5576***

LCO No. 1709

\*01709\_\_\_\_\_AGE\*

Referred to Committee on Select Committee on Aging

Introduced by:  
(AGE)

***AN ACT CONCERNING THE RIGHT OF RECOVERY BY THE  
CONNECTICUT INSURANCE GUARANTY ASSOCIATION.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-844 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (1) Any person recovering any moneys under sections 38a-836 to  
4 38a-853, inclusive, shall be deemed to have assigned his rights under  
5 the policy to said association to the extent of his recovery from said  
6 association. Every insured or claimant seeking the protection of said  
7 sections shall cooperate with said association to the same extent as  
8 such person would have been required to cooperate with the insolvent  
9 insurer. Said association shall have no cause of action against any  
10 insured of the insolvent insurer for any sums it has paid out to such  
11 insured except such causes of action as the insolvent insurer would  
12 have had if such sums had been paid by the insolvent insurer. In the  
13 case of an insolvent insurer operating on a plan with assessment  
14 liability, payments of claims of said association shall not operate to  
15 reduce the liability of insureds to the receiver, liquidator, or statutory  
16 successor for unpaid assessments.

17 (2) The receiver, liquidator, or statutory successor of an insolvent  
18 insurer shall be bound by determinations of covered claim eligibility  
19 under sections 38a-836 to 38a-853, inclusive, and by settlements of  
20 claims made by said association or any similar organization having a  
21 like function to that of said association in another state. The court  
22 having jurisdiction shall grant such claims priority equal to that to  
23 which the claimant would have been entitled in the absence of said  
24 sections 38a-836 to 38a-853, inclusive, against the assets of the  
25 insolvent insurer. The expenses of said association or any similar  
26 organization having a like function to that of said association in  
27 handling claims shall be accorded the same priority as the receiver's or  
28 liquidator's expenses.

29 (3) Said association shall periodically file with the receiver or  
30 liquidator of the insolvent insurer statements of the covered claims  
31 paid by said association, the expenses paid for the processing of  
32 covered claims paid or contested and estimates of anticipated claims  
33 on said association, and expenses of processing such claims which  
34 shall preserve the rights of said association against the assets of the  
35 insolvent insurer.

36 (4) The association shall have the right to recover from the following  
37 persons the amount of any covered claim paid on behalf of such  
38 person pursuant to sections 38a-836 to 38a-853, inclusive: (A) Any  
39 person who is an affiliate of the insolvent insurer and whose liability  
40 obligations to other persons are satisfied in whole or in part by  
41 payments made under this chapter; and (B) any insured whose net  
42 worth on December thirty-first of the year next preceding the date the  
43 insurer becomes an insolvent insurer exceeds fifty million dollars and  
44 whose liability obligations to other persons are satisfied in whole or in  
45 part by payments made under said sections. For purposes of this  
46 subdivision, "insured" does not include a municipality, as defined in  
47 section 7-148, [or] of the 2008 supplement to the general statutes, the  
48 Second Injury Fund, established in section 31-354, or a self-insured  
49 nonprofit healthcare facility with a net worth that does not exceed one

50 hundred million dollars, not including dedicated restricted  
51 endowment funds.

This act shall take effect as follows and shall amend the following sections:		
---	--	--

Section 1	<i>from passage</i>	38a-844
-----------	---------------------	---------

***Statement of Purpose:***

To provide that the Connecticut Insurance Guaranty Association may not recover the amount of covered claims from nonprofit healthcare facilities.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*